

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 TRSE-00 AID-20 NSC-10 RSC-01

CIEP-02 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

RSR-01 /126 W

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R 231556Z AUG 73

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 9076

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E.O. 11652: NA

TAGS: EFIN IMG IBRD KE

SUBJ: IMF/IBRD ANNUAL MEETINGS

REF: STATE 159015

M BEGIN SUMMARY: COLOMBIAN DELEGATION TO THE FUND/BANK ANNUAL MEETINGS IN NAIROBI IS NOT LIKELY TO RAISE SUBSTANTIVE ISSUES WITH EITHER THE USEL OF IMF/IBRD OFFICIALS. MISSION AT THIS TIME BELIEVES NO ISSUES SHOULD BE RAISED WITH COLOMBIAN DELEGATION. LIONEL TORRES, ADVISOR TO THE MONETARY JUNTA IS OPTIMISTIC THAT FUND/BANK MEETINGS WILL RESULT IN COMPROMISE AGREEMENT ON GENERAL DIRECTIONS OF MONETARY REFORM. HE DOES NOT ANTICIPATE THAT MONETARY REFORM WILL BE PARTICULARLY HELPFUL TO COLOMBIA. END SUMMARY

2. FINATT WAS INFORMED BY LIONEL TORRES , ADVISOR TO THE MONETARY JUNTA THAT THE COLOMBIAN DELEGATION TO THE NAIROBI FUND/BNAK MEETING IS NOT LIKELY TO RAISE ANY IMPORTANT ISSUES WITH EITHER THE US DELEGATION OR WITH IMF/IBRD OFFICIALS. TORRES PROMISED TO NOTIFY THE EMBASSY OF ANY CHANGES IN GOC PLANS. IN ADDITION THE MISSION

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BELIEVES THERE ARE NO ISSUES OF MAJOR IMPORTANCE

RELATING TO ACTIVITIES OF THE FUND OR BANK WHICH USDEL SHOULD RAISE WITH THE GOC DELEGATION. COLOMBIAN DELEGATION WILL CONSIST OF THE FINANCE MINISTER ECHAVARRIA, MANAGER OF THE CENTRAL BANK BOTERO DE LOS RIOS, FORMER FINANCE MINISTER LLORENTE AND MONETARY ADVISOR LIONEL TORRES.

3. TORRES STATED THAT HE ANTICIPATES THAT SIGNIFICANT PROGRESS ON MONETARY REFORM WILL BE MADE AT THE FUND/BANK MEETINGS BECAUSE THE US WILL HAVE TO ACCEPT COMPROMISES SINCE OUR POSITIONS ON THE ROLE OF RESERVE INDICATORS IN THE ADJUSTMENT PROCESS AND THE UNDESIRABILITY OF THE AID/SDR LINK HAVE BECOME ISOLATED. TORRES DID NOT OFFER HIS OBSERVATION ON OTHER KEY ASPECTS OF THE REFORM PACKAGE SUCH AS CONVERTABILITY OR THE ROLE OF GOLD. HOWEVER, HE DID MENTION THAT A REORGANIZATION OF STRENGTHENING OF THE FUND MANAGEMENT TO ADMINISTER THE NEW MONETARY SYSTEM IS NOT LIKELY TO BE BENEFICIAL TO COLOMBIA.

4. ALTHOUGH TORRES ADMITTED THAT A STABLE MONETARY SYSTEM WOULD STIMULATE INCREASED WORLD TRADE WHICH WOULD BENEFIT COLOMBIA, HE DID NOT SEE ANY PARTICULAR BENEFIT TO LDCS FROM MONETARY REFORM. HE VIEWS THE SUBSEQUENT ADOPTION OF AN AID/SDR LINK AS ONLY A MORAL VICTORY FOR THE LDCS. GIVEN THE LARGE LIQUIDITY OF DOLLARS THAT EXISTS NOW, TORRES DOUBTS WHETHER SDRS FOR AID PURPOSES WOULD BE ALLOCATED WITHIN FIVE YEARS. IN ANY EVENT HE DOUBTS IF COLOMBIA WOULD USE SDRS FOR DEVELOPMENT PURPOSES SINCE THE INTEREST COSTS OF THE SDR IS LIKELY TO EXCEED THE AVERAGE LENDING TERMS CURRENTLY OFFERED TO COLOMBIA. TORRES WOULD JUDGE REAL PROGRESS FOR LDCS IF THE PRINCIPAL OF MORE NET RESOURCE TRANSFERS TO LDCS WAS ADOPTED AND SPECIFIC METHOJZ OF IMPLEMENTATION WERE DISCUSSED WITHIN THE CONTENT OF MONETARY REFORM.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING DELEGATIONS, CURRENCY CONTROLS  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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